

CHEROKEE COUNTY, KANSAS

Independent Auditor's Report
and Financial Statement with
Supplementary Information

For the year ended December 31, 2017

THE MENSE CPA FIRM, LLC
Certified Public Accountants

CHEROKEE COUNTY, KANSAS
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**The Mense
CPA Firm, LLC**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
of Cherokee County, Kansas

We were engaged to audit the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Cherokee County, Kansas, as of and for the year ended December 31, 2017 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on conducting an audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

Because of the matters described in the Basis for Disclaimer of Opinion on Regulatory Basis of Accounting paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by Cherokee County, Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Cherokee County, Kansas as of December 31, 2017, or changes in financial position and cash flows thereof for the year then ended.

Basis for Disclaimer of Opinion on Regulatory Basis of Accounting

Written representations were not furnished by management and the receipts, expenditures and unencumbered cash records have not been sufficiently maintained and sufficient supporting data was not available for our audit. Therefore, we were not able to obtain sufficient appropriate audit evidence about receipts, expenditures and unencumbered cash recorded in the accompanying statement of receipts, expenditures, and unencumbered cash at December 31, 2017.

Disclaimer of Opinion on Regulatory Basis of Accounting

Because of the significance of the matters described in the Basis for Disclaimer of Opinion on Regulatory Basis of Accounting paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statement.

Other Matters

Supplementary Information

We were engaged for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget,

individual fund schedules of regulatory basis receipts and expenditures – actual and budget, and schedule of regulatory basis receipts and disbursements – agency funds, (Schedules 1, 2, and 3 as listed in the table of contents) are presented for the purpose of additional analysis and are not a required part of the basic financial statement, however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statement.

The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures – budget and actual, schedule of regulatory basis receipts and disbursements – agency funds, and schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the significance of the matters discussed in the Basis for Disclaimer of Opinion on Regulatory Basis of Accounting paragraph, it is inappropriate to, and we do not, express an opinion on the supplementary information referred to above.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2018 on our consideration of Cherokee County, Kansas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cherokee County, Kansas's internal control over financial reporting and compliance.



The Mense CPA Firm, LLC
Certified Public Accountants

Joplin, Missouri
September 21, 2018

CHEROKEE COUNTY, KANSAS

Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis

For the Year Ended December 31, 2017

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:							
General	\$ 590,338	\$ -	\$ 6,712,673	\$ 6,473,229	\$ 829,782	\$ 182,522	\$ 1,012,304
Special Purpose Funds:							
Road and Bridge	994,985	-	3,209,083	2,604,367	1,599,701	15,316	1,615,017
Appraisal	64,099	-	298,728	224,924	137,924	3,315	141,239
Health	1,243,684	-	509,662	604,950	1,148,396	1,164	1,149,560
Election	5,284	-	161,521	120,274	46,531	129	46,660
Noxious Weed	20,412	-	13,251	34,367	(704)	50	(654)
Extension Council	30,321	-	211,578	213,397	28,502	-	28,502
Soil Conservation	3,658	-	24,752	25,000	3,410	-	3,410
Fair	719	-	12,731	12,000	1,450	-	1,450
Emergency Medical Services	83,497	-	605,157	607,584	81,070	-	81,070
Elderly Services	13,598	-	14,416	10,905	17,109	974	18,083
Mental Health	16,692	-	114,059	111,457	19,294	-	19,294
Mental Retardation	16,683	-	110,299	111,457	15,525	-	15,525
Employee Benefits	(283,966)	-	3,969,312	3,685,503	(157)	157	-
Special Parks and Recreation	(171)	-	3,239	820	2,248	-	2,248
Special Alcohol	1,933	-	9,714	11,647	-	-	-
Landfill	(1,000)	-	9,653	8,653	-	-	-
Tourism and Convention Promotion	(28)	-	6,038	4,194	1,816	-	1,816
Law Enforcement VIN Fee	10,599	-	18,540	18,866	10,273	-	10,273
Emergency Telephone Tax	281,346	-	113,552	215,457	179,441	2,073	181,514
Prosecuting Attorney Training	2,516	-	1,306	700	3,122	-	3,122
County Attorney Special Law Enforcement	629	-	-	-	629	-	629
Out-District Tuition	2,029	-	-	2,029	-	-	-
Equipment Reserve	-	-	-	-	-	-	-
Drug Forfeiture	1,080	-	7,883	3,900	5,063	-	5,063
County Attorney Forfeiture	-	-	7,675	-	7,675	-	7,675
Register of Deeds Technology	33,490	-	19,070	12,731	39,829	-	39,829
County Treasurer Technology	6,475	-	4,767	6,322	4,920	-	4,920
County Clerk Technology	8,067	-	4,767	-	12,834	-	12,834
State Line Road Project	261	-	-	261	-	-	-
Drug Tax Stamp	2,323	-	-	-	2,323	-	2,323
Special Liability	-	-	-	-	-	-	-
County Building	-	-	-	-	-	-	-
Special Bridge	372,701	-	341,771	599,252	115,220	-	115,220

CHEROKEE COUNTY, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2017

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Special Purpose Funds (Continued):							
Special Highway Improvement	1,264	-	-	-	1,264	-	1,264
Special Road Machinery	100	-	-	-	100	-	100
Law Library	31,796	-	10,118	13,569	28,345	-	28,345
Electronic Monitoring	910	-	-	-	910	-	910
Bad Check Fee	89	-	-	-	89	-	89
SPIDER Program	238	-	9,299	9,108	429	-	429
Attorney Application Fee	757	-	9,625	975	9,407	-	9,407
Bond and Interest Funds:							
Bond and Interest	-	-	-	-	-	-	-
Total County	\$ 3,557,408	\$ -	\$ 16,544,239	\$ 15,747,877	\$ 4,353,770	\$ 205,700	\$ 4,559,470
Related Municipal Entity:							
Sewer District No. 1	35,355	-	692,014	530,923	196,446	1,184	197,630
Total Reporting Entity (Excluding Agency Funds)	\$ 3,592,763	\$ -	\$ 17,236,253	\$ 16,278,800	\$ 4,550,216	\$ 206,884	\$ 4,757,100
Composition of Cash:							
Cash on Hand							\$ 898
Checking Accounts							10,831,394
Certificates of Deposits							3,305,501
Related Municipal Entity							197,630
Total Cash							\$ 14,335,423
Agency Funds							(9,578,323)
Total Reporting Entity (Excluding Agency Funds)							\$ 4,757,100

The notes to the financial statement are an integral part of this statement.

CHEROKEE COUNTY, KANSAS

Notes to Financial Statement

December 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I.A. MUNICIPAL FINANCIAL REPORTING ENTITY

Cherokee County, Kansas (the "County") is a municipal corporation governed by an elected three member commission. This regulatory basis financial statement presents Cherokee County (the municipality) and selected related municipal entities because they were established to benefit the County and/or its constituents.

The related municipal entity section of this financial statement includes the financial data of the related municipal entities. The related municipal entities are reported separately to emphasize that they are legally separate from the County.

Included Related Municipal Entity

Sewer District No. 1. The District is a separate entity created by state statutes. The governing body of Cherokee County, which created the district, also serves as the districts' governing body.

Excluded Related Municipal Entities

Cherokee County Extension Council. The Cherokee County Extension Council provides services in such areas as agriculture, home economics and 4-H Club, to all persons in the County. The Council is governed by an elected executive board. The County annually levies taxes for the support of the Council.

Juvenile Detention Facility. Southeast Kansas Regional Juvenile Detention Center is a jointly governed organization between eleven counties in southeast Kansas created under an interlocal agreement. Southeast Kansas Regional Juvenile Detention Center is governed by a board appointed by the participating parties. Southeast Kansas Regional Juvenile Detention Center was established to operate a juvenile correctional facility located in Girard, Kansas. The primary source of funding for Southeast Kansas Regional Juvenile Detention Center is from the participating parties with additional support from grants. Cherokee County has no equity interest nor does the County materially contribute to the continued existence of Southeast Kansas Regional Juvenile Detention Center.

CHEROKEE COUNTY, KANSAS

Notes to Financial Statement

December 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.B. REGULATORY BASIS FUND TYPES

The accounts of the County are organized into funds each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts. The following funds are used by the County:

General Fund – the main operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund – used to account for the proceeds of specific tax levies and other specific regulatory revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Agency Fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.)

I.C. BASIS OF ACCOUNTING

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The *Kansas Municipal Audit and Accounting Guides* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

CHEROKEE COUNTY, KANSAS

Notes to Financial Statement

December 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.D. BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

CHEROKEE COUNTY, KANSAS

Notes to Financial Statement

December 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.D. BUDGETARY INFORMATION (CONTINUED)

A legal operating budget is not required for capital projects funds, trust funds, federal and state grants, permanent funds, and the following special purpose funds:

- County Building Fund
- Special Bridge Fund
- Special Liability Fund
- Special Highway Improvement Fund
- Special Road Machinery Fund
- Register of Deeds Technology Fund
- County Treasurer Technology Fund
- County Clerk Technology Fund
- Equipment Reserve Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

I.E. ASSETS AND LIABILITIES

I.E.1. Cash and Investments

The County Treasurer pools cash and investments of various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating needs. Cash in excess of current needs is invested in time deposits. Additional cash and investment information is presented in Note III.A.

I.E.2. Compensated Absences

The County's policy regarding vacation and sick pay provide employees a maximum of four weeks' vacation after 12 years of employment and sick leave accumulation at one day per month with an unlimited accumulation. Employees are paid for all unused vacation days at December 31st. No vacation days are carried forward. Sick leave is carried forward at a maximum of 720 hours at December 31st. The Employee is paid for their sick leave in excess of 720 hours at December 31st. Employees are paid for ½ of their sick leave upon termination when they retire if certain requirements are met.

CHEROKEE COUNTY, KANSAS

Notes to Financial Statement

December 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.F. RECEIPTS AND EXPENDITURES

I.F.1. Sales Tax

Cherokee County levies a one and one-half percent (1 ½%) sales tax on taxable sales within the County. The tax is collected by the Kansas Department of Revenue and remitted to the County. The tax is placed in the general fund to provide County services. One-half percent (1/2%) or one-third (1/3) of the sales tax collected is restricted and is to be used to retire the debt incurred to construct and furnish the law enforcement and detention facility.

I.F.2. Property Tax

Property taxes are an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable one-half on December 20th and one-half on May 10th the ensuing year. Unpaid taxes become delinquent after the due dates.

The assessed valuation of tangible property for the calendar year 2017 for purposes of taxation was \$164,631,933.

The tax levy per \$100.00 of assessed valuation of tangible property for the calendar year was \$5.19. The levy is composed of the sum of the legal tax levies for all funds with authorized levies.

The County bills and collects its own property taxes. Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state Statutes.

It is not practicable to apportion taxes held by the County Treasurer at the end of the audit period and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

I.F.3. Reimbursements

Cherokee County, Kansas records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparison, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis accounting.

CHEROKEE COUNTY, KANSAS

Notes to Financial Statement

December 31, 2017

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

II.A. COMPLIANCE WITH STATE STATUTES

The County does not maintain records of each fund's indebtedness. (K.S.A. 10-1117)

Records are not maintained showing budget balance available for appropriation.
(K.S.A. 79-2934)

The County does not have custodial agreements (prepared by the custodian) and security agreements (prepared by the depository) for all depositories. (K.S.A. 9-1405)

The General and Employee Benefits Funds expenditures exceeded the budget. (K.S.A. 79-2935)

Warrants/checks outstanding for two years or more have not been cancelled and restored to the fund originally charged. (K.S.A. 10-815)

The following special purpose funds were not budgeted – Out-District Tuition Fund, State Line Road Project Fund, Drug Tax Stamp Fund, Electronic Monitoring Fund, Bad Check Fee Fund, SPIDER Program Fund, and Attorney Application Fund. (K.S.A. 79-2925)

Unclaimed property is to be disposed of properly and required reports filed with the state treasurer. (K.S.A. 58-3934 *et seq*).

Expenditures were not made in compliance with the cash basis law in the Employee Benefits Fund which requires that no indebtedness be created for a fund in excess of available monies in that fund. (K.S.A. 10-113).

CHEROKEE COUNTY, KANSAS

Notes to Financial Statement
December 31, 2017

III. DETAILED NOTES ON FUNDS AND ACCOUNTS

III. A. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the County. The statute requires banks eligible to hold the County's funds have a main or branch bank in the county in which the municipality is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The County has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the County's and its' related municipal entities investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The County has no investment policy that would further limit its investment choices.

Concentration of Credit Risk - State statutes place no limit on the amount the County may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require the County's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The County has not designated "peak periods".

At December 31, 2017, the County's carrying amount of deposits was \$14,334,525 and the bank balance was \$14,147,319. Ninety percent of the bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$889,208 was covered by federal depository insurance, and \$13,258,111 was covered by securities pledged by the financial institutions and held by the pledging financial institutions' agents in the County's name.

CHEROKEE COUNTY, KANSAS

Notes to Financial Statement

December 31, 2017

III. DETAILED NOTES ON FUNDS AND ACCOUNTS (CONTINUED)

III. A. DEPOSITS AND INVESTMENTS (CONTINUED)

III. A.I. Restricted Assets

The following amounts recorded in the following funds were restricted as follows at December 31, 2017:

General Fund -	
Jail Sales Tax	\$ 407,526
Law Enforcement Training	<u>18,171</u>
Total	<u><u>\$ 425,697</u></u>

CHEROKEE COUNTY, KANSAS

Notes to Financial Statement

December 31, 2017

IV. LONG-TERM DEBT

Changes in long-term liabilities for Cherokee County, Kansas for the year ended December 31, 2017, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions / Payments	Balance End of Year	Interest Paid
Cherokee County: Certificates of Participation: Series 2015	2.50%	3-17-2015	3,351,700	12-01-2020	\$ 2,246,400	\$ -	\$ 563,200	\$ 1,683,200	\$ 54,140
Related Municipal Entity: Certificates of Participation: Series 2017 KDHE Loan	3.75% 2.61%	3-30-2017 7-26-2010	535,000 284,469	6-01-2027 3-01-2033	\$ - 205,952	\$ 535,000 -	\$ - 10,132	\$ 535,000 195,820	\$ - 5,310
Total Related Municipal Entity					\$ 205,952	\$ 535,000	\$ 10,132	\$ 730,820	\$ 5,310
Totals					\$ 2,452,352	\$ 535,000	\$ 573,332	\$ 2,414,020	\$ 59,450

CHEROKEE COUNTY, KANSAS
Notes to Financial Statement
December 31, 2017

IV. LONG-TERM DEBT (CONTINUED)

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	2018	2019	2020	2021	2022	2023-2027	2028-2032	2033	Total
Principal:									
Certificates of Participation	\$ 636,300	\$ 650,400	\$ 558,500	\$ 54,000	\$ 54,000	\$ 265,000	\$ -	\$ -	\$ 2,218,200
KDHE Loan	10,399	10,671	10,953	11,240	11,535	62,383	71,019	7,620	195,820
Total Principal	\$ 646,699	\$ 661,071	\$ 569,453	\$ 65,240	\$ 65,535	\$ 327,383	\$ 71,019	\$ 7,620	\$ 2,414,020
Interest:									
Certificates of Participation	\$ 70,921	\$ 40,820	\$ 24,458	\$ 12,975	\$ 10,950	\$ 24,845	\$ -	\$ -	\$ 184,969
KDHE Loan	5,043	4,771	4,489	4,202	3,907	14,827	6,191	100	43,530
Total Interest	\$ 75,964	\$ 45,591	\$ 28,947	\$ 17,177	\$ 14,857	\$ 39,672	\$ 6,191	\$ 100	\$ 228,499
Total Principal and Interest	\$ 722,663	\$ 706,662	\$ 598,400	\$ 82,417	\$ 80,392	\$ 367,055	\$ 77,210	\$ 7,720	\$ 2,642,519

CHEROKEE COUNTY, KANSAS

Notes to Financial Statement

December 31, 2017

V. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General Fund	Employee Benefits Fund	Per Commission	\$ 604,373
General Fund	Landfill Fund	Per Commission	9,653
General Fund	SPIDER Program Fund	Per Commission	2,474
General Fund	Tourism and Convention Promotion Fund	Per Commission	28
General Fund	Special Parks and Recreation Fund	Per Commission	203

VI. PENSION PLAN

Plan description

Cherokee County, Kansas participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publically available financial report that includes financial statements and required supplementary information. KPERS's financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions

K.S.A. 74-4919 and 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009. KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

CHEROKEE COUNTY, KANSAS

Notes to Financial Statement

December 31, 2017

VI. PENSION PLAN (CONTINUED)

Contributions (Continued)

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate with a 0% moratorium from the period of January 1, 2017 through September 30, 2017 for the Death and Disability Program) and the statutory contribution rate was 8.46% for the fiscal year ended December 31, 2017. Contributions to the pension plan from Cherokee County, Kansas were \$357,962 for the year ended December 31, 2017.

Net Pension Liability

At December 31, 2017, Cherokee County, Kansas's proportionate share of the collective net pension liability reported by KPERS was \$3,650,398. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. Cherokee County, Kansas's proportion of the net pension liability was based on the ratio of Cherokee County, Kansas's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

VII. RISK MANAGEMENT

Cherokee County, Kansas is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has been unable to obtain general liability insurance at a cost it considered to be economically justifiable. For this reason, the County joined together with other counties in the state to participate in the Kansas County Association Multi-Line Pool (KCAMP) and the Kansas Workers' Risk Cooperative for Counties (KWORC), public entity risk pools currently operating as common risk management and insurance programs for participating members.

CHEROKEE COUNTY, KANSAS

Notes to Financial Statement

December 31, 2017

VII. RISK MANAGEMENT (CONTINUED)

The County pays an annual premium to KCAMP for its general insurance coverage. The agreement for formation of the Kansas County Association Multi-Line Pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of stated amounts for each insured event. The County also participates in the Kansas Workers' Risk Cooperative for Counties (KWORC), a public entity risk pool which generates as a common risk management and insurance program for members. The County pays an annual premium to KWORC for workers' compensation coverage. Additional premiums maybe due if total claims for the pools are different than what have been anticipated by KCAMP and KWORC management.

The County continues to carry commercial insurance for all other risk of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

VIII. OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the County allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the County is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Reconciliation Act (COBRA), the County makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

IX. SELF-INSURANCE PROGRAM

Cherokee County, Kansas has established self-insured health plan for all its employees. Cherokee County, Kansas has purchased stop-loss insurance in order to limit its exposure, which will reimburse Cherokee County, Kansas for individual claims in excess of \$35,000 annually or aggregate claims exceeding \$1,000,000 annually.

CHEROKEE COUNTY, KANSAS

Notes to Financial Statement

December 31, 2017

X. LITIGATION

The County is party to various legal proceedings which normally occur in governmental operations. While the outcome of such proceedings cannot be predicted, due to insurance maintained by the County, the County feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the County.

XI. GRANT PROGRAM INVOLVEMENT

In the normal course of operations, the County participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

XII. SUBSEQUENT EVENTS

Management has evaluated the effects on the financial statement of subsequent events occurring through the date of this report, which is the date at which the financial statement was available to be issued.

REGULATORY – REQUIRED SUPPLEMENTARY INFORMATION

CHEROKEE COUNTY, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
General Funds:					
General Fund	\$ 4,902,760	\$ 917,151	\$ 5,819,911	\$ 6,473,229	\$ 653,318
Special Purpose Fund:					
Road and Bridge	3,136,694	-	3,136,694	2,604,367	(532,327)
Appraisal	280,067	-	280,067	224,903	(55,164)
Health	742,534	-	742,534	604,950	(137,584)
Election	160,000	-	160,000	120,274	(39,726)
Noxious Weed	40,000	-	40,000	34,367	(5,633)
Extension Council	213,397	-	213,397	213,397	-
Soil Conservation	25,000	-	25,000	25,000	-
Fair	12,000	-	12,000	12,000	-
Emergency Medical Services	607,584	-	607,584	607,584	-
Elderly Services	17,282	-	17,282	10,905	(6,377)
Mental Health	111,457	-	111,457	111,457	-
Mental Retardation	111,457	-	111,457	111,457	-
Employee Benefits	3,242,409	-	3,242,409	3,685,503	443,094
Special Parks and Recreation	4,051	-	4,051	820	(3,231)
Special Alcohol	14,497	-	14,497	11,647	(2,850)
Landfill	13,000	-	13,000	8,653	(4,347)
Tourism and Promotion	7,972	-	7,972	4,194	(3,778)
Law Enforcement VIN Fee	29,326	-	29,326	18,866	(10,460)
Emergency Telephone Tax Combined	369,463	-	369,463	215,457	(154,006)
Prosecuting Attorney Special Law Enforcemer	4,661	-	4,661	700	(3,961)
County Attorney Special Law Enforcement	629	-	629	-	(629)
Bond and Interest Funds:					
Bond and Interest	1,341	-	1,341	-	(1,341)
Related Municipal Entity					
Sewer District No. 1	688,034	-	688,034	530,923	(157,111)

CHEROKEE COUNTY, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Actual	Budget	Variance - Over (Under)
Receipts:			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 2,153,382	\$ 2,102,687	\$ 50,695
Delinquent Tax	35,412	18,682	16,730
Motor Vehicle Tax	110,527	55,471	55,056
Recreational Vehicle Tax	1,511	715	796
16/20 M Vehicle Tax	16,350	4,331	12,019
Commercial Vehicle Tax	1,715	754	961
Watercraft Tax	548	532	16
Rental Excise Tax	8	4	4
Sales Tax	1,894,586	1,870,364	24,222
Charges for Services	149,508	105,000	44,508
In Lieu of Taxes	119,175	108,807	10,368
Local Alcoholic Liquor Fund	-	3,364	(3,364)
Licenses, Permits and Fees	452,711	297,350	155,361
Inmate Housing	389,174	425,000	(35,826)
Grants	866,412	-	866,412
Expanded Lottery Receipts	201,125	-	201,125
Rents	5,400	6,000	(600)
Interest	188,419	150,000	38,419
Donations	50,739	-	50,739
Other	75,971	15,000	60,971
Operating Transfers	-	25,341	(25,341)
Total Receipts	<u>\$ 6,712,673</u>	<u>\$ 5,189,402</u>	<u>\$ 1,523,271</u>
Expenditures:			
Commission	\$ 99,049	\$ 95,000	\$ 4,049
Clerk	122,847	134,000	(11,153)
Treasurer	231,952	94,000	137,952
Attorney	281,011	277,970	3,041
Register of Deeds	82,956	95,263	(12,307)
Sheriff	1,418,107	1,225,000	193,107
District Court	244,204	289,300	(45,096)
Courthouse	404,256	475,000	(70,744)
Emergency Preparedness	935,070	66,443	868,627
Human Resources	38,960	37,751	1,209
Capital Lease Payments on Jail	617,340	617,340	-
Recreation	4,351	11,000	(6,649)
Jail	923,911	948,000	(24,089)
Data Processing	80,435	55,000	25,435
Jury Costs	2,600	9,693	(7,093)
Juvenile Detention	105,687	85,000	20,687
Genealogy Society	8,000	8,000	-
Emergency 911	56,198	60,000	(3,802)
GIS Programming	11,885	20,000	(8,115)
County Counselor	28,026	30,000	(1,974)
Departmental Office Supplies	-	60,000	(60,000)
Economic Development	45,000	45,000	-
In Lieu of Taxes	50,000	50,000	-
Rural Opportunity Zone	5,563	6,000	(437)
Appraisal Services	-	20,000	(20,000)
Election Equipment Lease	-	25,000	(25,000)
Building Maintenance	-	50,000	(50,000)
Other	2,238	-	2,238
Employee Benefits	56,852	-	56,852
Operating Transfers	616,731	13,000	603,731
Adjustment for Qualifying Budget Credits	-	917,151	(917,151)
Total Expenditures	<u>\$ 6,473,229</u>	<u>\$ 5,819,911</u>	<u>\$ 653,318</u>
Receipts Over (Under) Expenditures	\$ 239,444		
Unencumbered Cash, Beginning	590,338		
Unencumbered Cash, Ending	<u>\$ 829,782</u>		

CHEROKEE COUNTY, KANSAS

Road and Bridge

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2017

	Actual	Budget	Variance - Over (Under)
Receipts:			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 1,271,162	\$ 1,239,893	\$ 31,269
Delinquent Tax	74,614	40,847	33,767
Motor Vehicle Tax	341,475	258,909	82,566
Recreational Vehicle Tax	4,974	3,326	1,648
16/20 M Vehicle Tax	24,024	20,219	3,805
Commercial Vehicle Tax	5,162	3,522	1,640
Watercraft Tax	2,567	2,481	86
Rental Excise Tax	20	54	(34)
Special Highway Aid and County Equalization	833,994	798,192	35,802
Grants and Reimbursed Expenses	51,716	-	51,716
State Highway Aid - Connecting Links	171,800	-	171,800
Interest and Other	281	2,000	(1,719)
Reimbursed Expense	427,294	-	427,294
Total Receipts	<u>\$ 3,209,083</u>	<u>\$ 2,369,443</u>	<u>\$ 839,640</u>
Expenditures:			
Public works	<u>\$ 2,604,367</u>	<u>\$ 3,136,694</u>	<u>\$ (532,327)</u>
Receipts Over (Under) Expenditures	\$ 604,716		
Unencumbered Cash, Beginning	<u>994,985</u>		
Unencumbered Cash, Ending	<u>\$ 1,599,701</u>		

CHEROKEE COUNTY, KANSAS

Appriaisal Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2017

	Actual	Budget	Variance - Over (Under)
Receipts:			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 242,455	\$ 236,592	\$ 5,863
Delinquent Tax	9,327	5,275	4,052
Motor Vehicle Tax	39,587	30,691	8,896
Recreational Vehicle Tax	579	394	185
16/20 M Vehicle Tax	2,584	2,397	187
Commercial Vehicle Tax	597	417	180
Watercraft Tax	305	294	11
Rental Excise Tax	2	7	(5)
Fees	3,292	4,000	(708)
Total Receipts	<u>\$ 298,728</u>	<u>\$ 280,067</u>	<u>\$ 18,661</u>
Expenditures:			
General Government	<u>\$ 224,903</u>	<u>\$ 280,067</u>	<u>\$ (55,164)</u>
Receipts Over (Under) Expenditures	\$ 73,825		
Unencumbered Cash, Beginning	<u>64,099</u>		
Unencumbered Cash, Ending	<u>\$ 137,924</u>		

CHEROKEE COUNTY, KANSAS

Health Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2017

	Actual	Budget	Variance - Over (Under)
Receipts:			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 20,901	\$ 20,276	\$ 625
Delinquent Tax	5,305	3,308	1,997
Motor Vehicle Tax	24,321	18,628	5,693
Recreational Vehicle Tax	355	239	116
16/20 M Vehicle Tax	1,655	1,455	200
Commercial Vehicle Tax	367	253	114
Watercraft Tax	185	178	7
Rental Excise Tax	1	4	(3)
Charges for Services	40,810	40,000	810
Grants	415,762	-	415,762
Total Receipts	<u>\$ 509,662</u>	<u>\$ 84,341</u>	<u>\$ 425,321</u>
Expenditures:			
Health	<u>\$ 604,950</u>	<u>\$ 742,534</u>	<u>\$ (137,584)</u>
Receipts Over (Under) Expenditures	\$ (95,288)		
Unencumbered Cash, Beginning	<u>1,243,684</u>		
Unencumbered Cash, Ending	<u>\$ 1,148,396</u>		

CHEROKEE COUNTY, KANSAS

Election Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2017

	Actual	Budget	Variance - Over (Under)
Receipts:			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 136,807	\$ 133,602	\$ 3,205
Delinquent Tax	4,076	1,932	2,144
Motor Vehicle Tax	18,331	15,712	2,619
Recreational Vehicle Tax	273	202	71
16/20 M Vehicle Tax	738	1,227	(489)
Commercial Vehicle Tax	274	214	60
Watercraft Tax	156	151	5
Rental Excise Tax	1	3	(2)
Other	865	-	865
Total Receipts	<u>\$ 161,521</u>	<u>\$ 153,043</u>	<u>\$ 8,478</u>
Expenditures:			
General Government	<u>\$ 120,274</u>	<u>\$ 160,000</u>	<u>\$ (39,726)</u>
Receipts Over (Under) Expenditures	\$ 41,247		
Unencumbered Cash, Beginning	<u>5,284</u>		
Unencumbered Cash, Ending	<u>\$ 46,531</u>		

CHEROKEE COUNTY, KANSAS
 Noxious Weed Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2017

	Actual	Budget	Variance - Over (Under)
Receipts:			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 4,364	\$ 4,220	\$ 144
Delinquent Tax	1,248	559	689
Motor Vehicle Tax	7,246	6,809	437
Recreational Vehicle Tax	110	87	23
16/20 M Vehicle Tax	108	532	(424)
Commercial Vehicle Tax	107	93	14
Watercraft Tax	68	65	3
Rental Excise Tax	-	1	(1)
Other	-	10,000	(10,000)
Total Receipts	<u>\$ 13,251</u>	<u>\$ 22,366</u>	<u>\$ (9,115)</u>
Expenditures:			
Public Works	<u>\$ 34,367</u>	<u>\$ 40,000</u>	<u>\$ (5,633)</u>
Receipts Over (Under) Expenditures	\$ (21,116)		
Unencumbered Cash, Beginning	<u>20,412</u>		
Unencumbered Cash, Ending	<u>\$ (704)</u>		

CHEROKEE COUNTY, KANSAS
 Extension Council Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2017

	Actual	Budget	Variance - Over (Under)
Receipts:			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 178,790	\$ 174,574	\$ 4,216
Delinquent Tax	5,926	3,340	2,586
Motor Vehicle Tax	24,206	18,176	6,030
Recreational Vehicle Tax	352	233	119
16/20 M Vehicle Tax	1,758	1,419	339
Commercial Vehicle Tax	366	247	119
Watercraft Tax	180	174	6
Rental Excise Tax	-	4	(4)
Total Receipts	<u>\$ 211,578</u>	<u>\$ 198,167</u>	<u>\$ 13,411</u>
Expenditures:			
Appropriations to Extension Council Treasurer	<u>\$ 213,397</u>	<u>\$ 213,397</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	\$ (1,819)		
Unencumbered Cash, Beginning	<u>30,321</u>		
Unencumbered Cash, Ending	<u>\$ 28,502</u>		

CHEROKEE COUNTY, KANSAS
 Soil Conservation Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2017

	Actual	Budget	Variance - Over (Under)
Receipts:			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 20,763	\$ 20,285	\$ 478
Delinquent Tax	726	420	306
Motor Vehicle Tax	2,940	2,210	730
Recreational Vehicle Tax	43	28	15
16/20 M. Vehicle Tax	214	173	41
Commercial Vehicle Tax	44	30	14
Watercraft Tax	22	21	1
Rental Excise Tax	-	1	(1)
Total Receipts	<u>\$ 24,752</u>	<u>\$ 23,168</u>	<u>\$ 1,584</u>
Expenditures:			
Appropriation to Conservation District Treasurer	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	\$ (248)		
Unencumbered Cash, Beginning	<u>3,658</u>		
Unencumbered Cash, Ending	<u>\$ 3,410</u>		

CHEROKEE COUNTY, KANSAS

Fair Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2017

	Actual	Budget	Variance - Over (Under)
Receipts:			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 10,751	\$ 10,498	\$ 253
Delinquent Tax	268	-	268
Motor Vehicle Tax	1,541	1,147	394
Recreational Vehicle Tax	22	15	7
16/20 M Vehicle Tax	115	90	25
Commercial Vehicle Tax	23	16	7
Watercraft Tax	11	11	-
Total Receipts	<u>\$ 12,731</u>	<u>\$ 11,777</u>	<u>\$ 954</u>
Expenditures:			
Appropriation to Fair Treasurer	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	\$ 731		
Unencumbered Cash, Beginning	<u>719</u>		
Unencumbered Cash, Ending	<u>\$ 1,450</u>		

CHEROKEE COUNTY, KANSAS
Emergency Medical Services Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Actual	Budget	Variance - Over (Under)
Receipts:			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 510,078	\$ 497,887	\$ 12,191
Delinquent Tax	16,963	9,253	7,710
Motor Vehicle Tax	70,922	55,306	15,616
Recreational Vehicle Tax	1,039	710	329
16/20 M Vehicle Tax	4,533	4,319	214
Commercial Vehicle Tax	1,070	752	318
Watercraft Tax	548	530	18
Rental Excise Tax	4	12	(8)
	<u>605,157</u>	<u>568,769</u>	<u>36,388</u>
Total Receipts	\$ 605,157	\$ 568,769	\$ 36,388
Expenditures:			
Appropriation to Emergency Medical Services	\$ 607,584	\$ 607,584	\$ -
Receipts Over (Under) Expenditures	\$ (2,427)		
Unencumbered Cash, Beginning	<u>83,497</u>		
Unencumbered Cash, Ending	<u>\$ 81,070</u>		

CHEROKEE COUNTY, KANSAS
 Elderly Services Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2017

	<u>Actual</u>	<u>Budget</u>	Variance - Over (Under)
Receipts:			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 13,144	\$ 12,877	\$ 267
Delinquent Tax	335	287	48
Motor Vehicle Tax	844	620	224
Recreational Vehicle Tax	11	8	3
16/20 M Vehicle Tax	63	48	15
Commercial Vehicle Tax	13	8	5
Watercraft Tax	6	6	-
	<u>14,416</u>	<u>13,854</u>	<u>562</u>
Total Receipts	\$ 14,416	\$ 13,854	\$ 562
Expenditures:			
Elderly Programs	\$ 10,905	\$ 17,282	\$ (6,377)
	<u>10,905</u>	<u>17,282</u>	<u>(6,377)</u>
Receipts Over (Under) Expenditures	\$ 3,511		
Unencumbered Cash, Beginning	<u>13,598</u>		
Unencumbered Cash, Ending	<u>\$ 17,109</u>		

CHEROKEE COUNTY, KANSAS

Mental Health Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2017

	Actual	Budget	Variance - Over (Under)
Receipts:			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 96,194	\$ 93,942	\$ 2,252
Delinquent Tax	3,242	-	3,242
Motor Vehicle Tax	13,180	9,903	3,277
Recreational Vehicle Tax	192	127	65
16/20 M Vehicle Tax	954	773	181
Commercial Vehicle Tax	199	135	64
Watercraft Tax	98	95	3
Rental Excise Tax	-	2	(2)
Total Receipts	<u>\$ 114,059</u>	<u>\$ 104,977</u>	<u>\$ 9,082</u>
Expenditures:			
Public Health	<u>\$ 111,457</u>	<u>\$ 111,457</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	\$ 2,602		
Unencumbered Cash, Beginning	<u>16,692</u>		
Unencumbered Cash, Ending	<u>\$ 19,294</u>		

CHEROKEE COUNTY, KANSAS
Mental Retardation Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Actual	Budget	Variance - Over (Under)
Receipts:			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 92,463	\$ 90,181	\$ 2,282
Delinquent Tax	3,223	1,854	1,369
Motor Vehicle Tax	13,169	9,894	3,275
Recreational Vehicle Tax	192	127	65
16/20 M Vehicle Tax	955	773	182
Commercial Vehicle Tax	199	135	64
Watercraft Tax	98	95	3
Rental Excise Tax	-	3	(3)
Total Receipts	<u>\$ 110,299</u>	<u>\$ 103,062</u>	<u>\$ 7,237</u>
Expenditures:			
Public Health	<u>\$ 111,457</u>	<u>\$ 111,457</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	\$ (1,158)		
Unencumbered Cash, Beginning	<u>16,683</u>		
Unencumbered Cash, Ending	<u>\$ 15,525</u>		

CHEROKEE COUNTY, KANSAS

Employee Benefits Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2017

	Actual	Budget	Variance - Over (Under)
Receipts:			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 2,163,971	\$ 2,112,172	\$ 51,799
Delinquent Tax	71,518	42,283	29,235
Motor Vehicle Tax	292,315	256,133	36,182
Recreational Vehicle Tax	4,380	3,290	1,090
16/20 M Vehicle Tax	10,184	20,003	(9,819)
Commercial Vehicle Tax	4,366	3,484	882
Watercraft Tax	2,542	2,454	88
Rental Excise Tax	16	68	(52)
Reimbursements and Other	815,647	800,000	15,647
Operating Transfers	604,373	-	604,373
Total Receipts	<u>\$ 3,969,312</u>	<u>\$ 3,239,887</u>	<u>\$ 729,425</u>
Expenditures:			
General Government	<u>\$ 3,685,503</u>	<u>\$ 3,242,409</u>	<u>\$ (443,094)</u>
Receipts Over (Under) Expenditures	\$ 283,809		
Unencumbered Cash, Beginning	<u>(283,966)</u>		
Unencumbered Cash, Ending	<u>\$ (157)</u>		

CHEROKEE COUNTY, KANSAS
Special Parks and Recreation Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Actual	Budget	Variance - Over (Under)
Receipts:			
Local Alcoholic Liquor Fund	\$ 3,036	\$ 3,364	\$ (328)
Operating Transfers	203	-	203
Total Receipts	<u>\$ 3,239</u>	<u>\$ 3,364</u>	<u>\$ (125)</u>
Expenditures:			
Recreation	<u>\$ 820</u>	<u>\$ 4,051</u>	<u>\$ (3,231)</u>
Receipts Over (Under) Expenditures	\$ 2,419		
Unencumbered Cash, Beginning	<u>(171)</u>		
Unencumbered Cash, Ending	<u><u>\$ 2,248</u></u>		

CHEROKEE COUNTY, KANSAS
Special Alcohol Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Over (Under)</u>
Receipts:			
Local Alcoholic Liquor Fund	\$ 9,714	\$ 1,093	\$ 8,621
Expenditures:			
Public Health	\$ 11,647	\$ 14,497	\$ (2,850)
Receipts Over (Under) Expenditures	\$ (1,933)		
Unencumbered Cash, Beginning	<u>1,933</u>		
Unencumbered Cash, Ending	<u>\$ -</u>		

CHEROKEE COUNTY, KANSAS
Landfill Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Over (Under)</u>
Receipts:			
Operating Transfers	<u>\$ 9,653</u>	<u>\$ 13,000</u>	<u>\$ (3,347)</u>
Expenditures:			
Sanitation	<u>\$ 8,653</u>	<u>\$ 13,000</u>	<u>\$ (4,347)</u>
Receipts Over (Under) Expenditures	\$ 1,000		
Unencumbered Cash, Beginning	<u>(1,000)</u>		
Unencumbered Cash, Ending	<u>\$ -</u>		

CHEROKEE COUNTY, KANSAS
Tourism and Convention Promotion Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Actual	Budget	Variance - Over (Under)
Receipts:			
Transient Guest Tax	\$ 6,010	\$ 7,500	\$ (1,490)
Operating Transfers	28	-	28
Total Receipts	<u>\$ 6,038</u>	<u>\$ 7,500</u>	<u>\$ (1,462)</u>
Expenditures:			
Tourism and Promotion	<u>\$ 4,194</u>	<u>\$ 7,972</u>	<u>\$ (3,778)</u>
Receipts Over (Under) Expenditures	\$ 1,844		
Unencumbered Cash, Beginning	<u>(28)</u>		
Unencumbered Cash, Ending	<u>\$ 1,816</u>		

CHEROKEE COUNTY, KANSAS
Law Enforcement VIN Fee Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Actual	Budget	Variance - Over (Under)
Receipts:			
Fees	\$ 18,540	\$ 1,600	\$ 16,940
Expenditures:			
State of Kansas	\$ 1,768	\$ 1,600	\$ 168
Public Safety	17,098	27,726	(10,628)
Total Expenditures	\$ 18,866	\$ 29,326	\$ (10,460)
Receipts Over (Under) Expenditures	\$ (326)		
Unencumbered Cash, Beginning	10,599		
Unencumbered Cash, Ending	\$ 10,273		

CHEROKEE COUNTY, KANSAS
Emergency Telephone Tax Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Actual	Budget	Variance - Over (Under)
Receipts:			
Telephone Tax	\$ 113,324	\$ 118,000	\$ (4,676)
Interest	228	400	(172)
Total Receipts	<u>\$ 113,552</u>	<u>\$ 118,400</u>	<u>\$ (4,848)</u>
Expenditures:			
Public Safety	<u>\$ 215,457</u>	<u>\$ 369,463</u>	<u>\$ (154,006)</u>
Receipts Over (Under) Expenditures	\$ (101,905)		
Unencumbered Cash, Beginning	<u>281,346</u>		
Unencumbered Cash, Ending	<u>\$ 179,441</u>		

CHEROKEE COUNTY, KANSAS
Prosecuting Attorney Training Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Actual	Budget	Variance - Over (Under)
Receipts:			
Fees	\$ 1,306	\$ 1,600	\$ (294)
Expenditures:			
Public Safety	\$ 700	\$ 4,661	\$ (3,961)
Receipts Over (Under) Expenditures	\$ 606		
Unencumbered Cash, Beginning	2,516		
Unencumbered Cash, Ending	\$ 3,122		

CHEROKEE COUNTY, KANSAS
County Attorney Special Law Enforcement Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Over (Under)</u>
Receipts:			
Other	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
Public Safety	<u>\$ -</u>	<u>\$ 629</u>	<u>\$ (629)</u>
Receipts Over (Under) Expenditures	\$ -		
Unencumbered Cash, Beginning	<u>629</u>		
Unencumbered Cash, Ending	<u>\$ 629</u>		

CHEROKEE COUNTY, KANSAS
Out-District Tuition Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

Receipts:	
Delinquent Tax	\$ -
Expenditures:	
General Government	\$ 2,029
Receipts Over (Under) Expenditures	\$ (2,029)
Unencumbered Cash, Beginning	2,029
Unencumbered Cash, Ending	\$ -

CHEROKEE COUNTY, KANSAS
Equipment Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2017

Receipts:	
Operating Transfers	\$ -
Expenditures:	
Equipment	\$ -
Operating Transfers	-
Total Expenditures	\$ -
Receipts Over (Under) Expenditures	\$ -
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$ -

CHEROKEE COUNTY, KANSAS
Drug Forfeiture Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2017

Receipts:	
Forfeitures	<u>\$ 7,883</u>
Expenditures:	
Public Safety	<u>\$ 3,900</u>
Receipts Over (Under) Expenditures	\$ 3,983
Unencumbered Cash, Beginning	<u> 1,080</u>
Unencumbered Cash, Ending	<u><u>\$ 5,063</u></u>

CHEROKEE COUNTY, KANSAS
County Attorney Forfeiture Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2017

Receipts:	
Forfeitures	<u>\$ 7,675</u>
Expenditures:	
Public Safety	<u>\$ -</u>
Receipts Over (Under) Expenditures	<u>\$ 7,675</u>
Unencumbered Cash, Beginning	<u> -</u>
Unencumbered Cash, Ending	<u><u>\$ 7,675</u></u>

CHEROKEE COUNTY, KANSAS
Register of Deeds Technology Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2017

Receipts:	
Fees	<u>\$ 19,070</u>
Expenditures:	
General Government	<u>\$ 12,731</u>
Receipts Over (Under) Expenditures	\$ 6,339
Unencumbered Cash, Beginning	<u> 33,490</u>
Unencumbered Cash, Ending	<u><u>\$ 39,829</u></u>

CHEROKEE COUNTY, KANSAS
County Treasurer Technology Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2017

Receipts:	
Fees	<u>\$ 4,767</u>
Expenditures:	
General Government	<u>\$ 6,322</u>
Receipts Over (Under) Expenditures	\$ (1,555)
Unencumbered Cash, Beginning	<u> 6,475</u>
Unencumbered Cash, Ending	<u><u>\$ 4,920</u></u>

CHEROKEE COUNTY, KANSAS
County Clerk Technology Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2017

Receipts:	
Fees	<u>\$ 4,767</u>
Expenditures:	
General Government	<u>\$ -</u>
Receipts Over (Under) Expenditures	\$ 4,767
Unencumbered Cash, Beginning	<u>8,067</u>
Unencumbered Cash, Ending	<u><u>\$ 12,834</u></u>

CHEROKEE COUNTY, KANSAS
State Line Road Project Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2017

Receipts:	
Interest	\$ -
Expenditures:	
General Government	\$ 261
Receipts Over (Under) Expenditures	\$ (261)
Unencumbered Cash, Beginning	261
Unencumbered Cash, Ending	\$ -

CHEROKEE COUNTY, KANSAS
Drug Tax Stamp Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2017

Receipts:	
Drug Control Payments	\$ -
Expenditures:	
Public Safety	\$ -
Receipts Over (Under) Expenditures	\$ -
Unencumbered Cash, Beginning	2,323
Unencumbered Cash, Ending	<u>\$ 2,323</u>

CHEROKEE COUNTY, KANSAS
Special Liability Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2017

Receipts:

Taxes and Shared Receipts:

Delinquent Tax \$ -

Expenditures:

Operating Transfers \$ -

Receipts Over (Under) Expenditures \$ -

Unencumbered Cash, Beginning -

Unencumbered Cash, Ending \$ -

CHEROKEE COUNTY, KANSAS
County Building Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2017

Receipts:

Taxes and Shared Receipts:

Delinquent Tax \$ -

Expenditures:

Operating Transfers \$ -

Receipts Over (Under) Expenditures \$ -

Unencumbered Cash, Beginning -

Unencumbered Cash, Ending \$ -

CHEROKEE COUNTY, KANSAS
Special Bridge Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2017

Receipts:

Taxes and Shared Receipts:

Ad Valorem Property Tax	\$ 149,509
Delinquent Tax	4,852
Motor Vehicle Tax	20,314
16/20 M. Vehicle Tax	1,353
Commercial Vehicle Tax	306
Watercraft Tax	155
Recreational Vehicle Tax	297
Rental Excise Tax	1
Grants	<u>164,984</u>

Total Receipts

\$ 341,771**Expenditures:**

Public Works	<u>\$ 599,252</u>
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Receipts Over (Under) Expenditures

\$ (257,481)

Unencumbered Cash, Beginning

372,701

Unencumbered Cash, Ending

\$ 115,220

CHEROKEE COUNTY, KANSAS
Special Highway Improvement Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2017

Receipts:	
Operating Transfers	\$ -
Expenditures:	
Public Works	\$ -
Receipts Over (Under) Expenditures	\$ -
Unencumbered Cash, Beginning	1,264
Unencumbered Cash, Ending	\$ 1,264

CHEROKEE COUNTY, KANSAS
Special Road Machinery Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2017

Receipts:	
Operating Transfers	\$ -
Expenditures:	
Public Works	\$ -
Receipts Over (Under) Expenditures	\$ -
Unencumbered Cash, Beginning	100
Unencumbered Cash, Ending	<u>\$ 100</u>

CHEROKEE COUNTY, KANSAS
Law Library Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2017

Receipts:	
Fees	<u>\$ 10,118</u>
Expenditures:	
Public Safety	<u>\$ 13,569</u>
Receipts Over (Under) Expenditures	\$ (3,451)
Unencumbered Cash, Beginning	<u>31,796</u>
Unencumbered Cash, Ending	<u><u>\$ 28,345</u></u>

CHEROKEE COUNTY, KANSAS
Electronic Monitoring Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2017

Receipts:	
Federal/State Grants	<u>\$ -</u>
Expenditures:	
Public Safety	<u>\$ -</u>
Receipts Over (Under) Expenditures	<u>\$ -</u>
Unencumbered Cash, Beginning	<u>910</u>
Unencumbered Cash, Ending	<u><u>\$ 910</u></u>

CHEROKEE COUNTY, KANSAS
Bad Check Fee Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2017

Receipts:	
Fees	\$ -
Expenditures:	
General Government	\$ -
Receipts Over (Under) Expenditures	\$ -
Unencumbered Cash, Beginning	89
Unencumbered Cash, Ending	<u><u>\$ 89</u></u>

CHEROKEE COUNTY, KANSAS
SPIDER Program Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2017

Receipts:	
Fees	\$ 6,825
Operating Transfers	<u>2,474</u>
Total Receipts	<u>\$ 9,299</u>
Expenditures:	
Public Safety	<u>\$ 9,108</u>
Receipts Over (Under) Expenditures	\$ 191
Unencumbered Cash, Beginning	<u>238</u>
Unencumbered Cash, Ending	<u><u>\$ 429</u></u>

CHEROKEE COUNTY, KANSAS
Attorney Application Fee Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

Receipts:	
Fees	<u>\$ 9,625</u>
Expenditures:	
Public Safety	<u>\$ 975</u>
Receipts Over (Under) Expenditures	\$ 8,650
Unencumbered Cash, Beginning	<u>757</u>
Unencumbered Cash, Ending	<u><u>\$ 9,407</u></u>

CHEROKEE COUNTY, KANSAS
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	<u>Actual</u>	<u>Budget</u>	Variance - Over (Under)
Receipts:			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ -	\$ -	\$ -
Expenditures:			
Operating Transfers	\$ -	\$ 1,341	\$ (1,341)
Receipts Over (Under) Expenditures	\$ -		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	\$ -		

CHEROKEE COUNTY, KANSAS
 Related Municipal Entity
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2017

	Sewer District No. 1		
	Actual	Budget	Variance - Over (Under)
Receipts:			
Charges for Services	\$ 140,951	\$ 110,000	\$ 30,951
Special Assessments	15,721	15,255	466
Certificates of Participation Proceeds	535,000	-	535,000
Interest	342	-	342
Total Receipts	<u>\$ 692,014</u>	<u>\$ 125,255</u>	<u>\$ 566,759</u>
Expenditures:			
Public Works	\$ 57,187	\$ 137,592	\$ (80,405)
KDHE Loan Payments	15,442	15,442	-
Costs of Issuance	31,000	-	31,000
Capital Outlay	427,294	-	427,294
Adjustment for Qualifying Budget Credits	-	535,000	(535,000)
Total Expenditures	<u>\$ 530,923</u>	<u>\$ 688,034</u>	<u>\$ (157,111)</u>
Receipts Over (Under) Expenditures	\$ 161,091		
Unencumbered Cash, Beginning	<u>35,355</u>		
Unencumbered Cash, Ending	<u>\$ 196,446</u>		

CHEROKEE COUNTY, KANSAS
 Agency Funds
 Summary of Receipts and Disbursements
 Regulatory Basis
 For the Year Ended December 31, 2017

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Kansas Educational Buildings	\$ -	\$ 176,642	\$ 176,642	\$ -
Kansas Institutions Buildings	-	88,321	88,321	-
State General Fund	-	3	3	-
Correctional Institutions	(118)	-	-	(118)
KDWPT	-	25,754	16,285	9,469
Game Licenses	3,862	1,524	5,386	-
Temporary Boat Permits	(1,751)	3,034	1,283	-
Cereal Malt Beverage Stamps	350	375	425	300
Diversion Supervision Fees	5	-	-	5
Southeast Kansas Library	-	164,426	164,426	-
Unclaimed Monies	11,902	-	-	11,902
Unclaimed Estates	157,756	-	-	157,756
Payroll Tax Withholdings	35	554,618	554,618	35
Sheltered Workshop	-	1	-	1
Local Alcoholic Liquor	-	15,786	15,786	-
Bankruptcy	1,865	-	-	1,865
Rural Water District	246	-	-	246
Townships	-	236,049	236,049	-
Cities	(951)	3,896,492	3,896,492	(951)
Schools	(3)	7,830,316	7,830,313	-
Current Tax	8,251,796	17,559,807	17,942,902	7,868,701
Holding	1,046	60	60	1,046
Long and Short	(344)	8	20	(356)
Partial Payments	1,262	-	-	1,262
Redemption Tax	136,557	723,224	553,966	305,815
Delinquent Personal Tax	11,566	124,843	43,331	93,078
Judicial Delinquent Personal Tax	14,470	14,772	26,367	2,875
Overpayment	350	5,895	5,895	350
Protest Tax	180,808	182,048	241,734	121,122
Heritage Trust	2,523	9,535	9,741	2,317
Water Craft	8,898	25,165	21,449	12,614
Vehicle Tax	158,495	2,164,980	2,118,250	205,225
16/20 M Vehicle Tax	44,407	106,310	104,846	45,871

CHEROKEE COUNTY, KANSAS
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2017

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
In Lieu of Tax	2,415	-	-	2,415
KCOVERS Tax	329	35,956	35,334	951
Vehicle Excise Tax	53	154	156	51
Recreational Vehicle Tax	3,773	1,831	996	4,608
District Court	61,899	501,630	513,489	50,040
District Court Cases	16,153	12	-	16,165
Sheriff Inmate	9,664	131,437	129,631	11,470
Special Auto	465,144	5,442,549	5,255,500	652,193
Total	<u>\$ 9,544,462</u>	<u>\$ 40,023,557</u>	<u>\$ 39,989,696</u>	<u>\$ 9,578,323</u>

AUDITOR'S REPORTS AND SUPPLEMENTARY INFORMATION



The Mense CPA Firm, LLC

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the Board of County Commissioners
of Cherokee, County, Kansas

We were engaged to audit, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the summary statement of receipts, expenditures and unencumbered cash of Cherokee County, Kansas, as of and for the year ended December 31, 2017, and the related notes to the financial statement, which collectively comprise Cherokee County, Kansas's basic financial statement, and have issued our report thereon dated September 21, 2018. Because we were not able to obtain sufficient appropriate audit evidence to provide a basis for our opinion, we did not express an opinion on the financial statement.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Cherokee County, Kansas's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Cherokee County, Kansas's internal control. Accordingly, we do not express an opinion on the effectiveness of Cherokee County, Kansas's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying *Schedule of Findings and Questioned Costs*, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompany *Schedule of Findings and Questioned Costs* to be material weaknesses: 2017-001, 2017-003, and 2017-004.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying *Schedule of Findings and Questioned Costs* to be a significant deficiency: 2017-002

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cherokee County, Kansas's regulatory basis financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Cherokee County, Kansas's Response to Findings

Cherokee County, Kansas's responses to the findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs*. Cherokee County, Kansas's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cherokee County, Kansas's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



The Mense CPA Firm, LLC
Certified Public Accountants

Joplin, Missouri
September 21, 2018



**The Mense
CPA Firm, LLC**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of County Commissioners
of Cherokee County, Kansas

Report on Compliance for Each Major Federal Program

We were engaged to audit Cherokee County, Kansas's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Cherokee County, Kansas's major federal programs for the year ended December 31, 2017. Cherokee County, Kansas's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Cherokee County, Kansas's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Requirements for Federal Awards* (Uniform Guidance); and the *Kansas Municipal Audit and Accounting Guide*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cherokee County, Kansas's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Because of the matters described in the Basis for Disclaimer of Opinion on Each Major Federal Program paragraph, however, we were not able to provide a reasonable basis for our opinion on compliance for each major program. However, our audit does not provide a legal determination of Cherokee County, Kansas's compliance.

Basis for Disclaimer of Opinion on Each Major Federal Program

Written representations were not furnished by management and the receipts, expenditures and unencumbered cash records have not been sufficiently maintained and sufficient supporting data was not available for our audit. Therefore, we were not able to obtain appropriate audit evidence about receipts, disbursements, unencumbered cash balances and compliance.

Disclaimer of Opinion on Each Major Federal Program

Because of the significance of the matters described in the Basis for Disclaimer of Opinion on Each Major Federal Program paragraph, we do not express an opinion on Cherokee County, Kansas's compliance with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of Cherokee County, Kansas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cherokee County, Kansas's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cherokee County, Kansas's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform guidance. Accordingly, this report is not suitable for any other purpose.



The Mense CPA, Firm, LLC
Certified Public Accountants

Joplin, Missouri
September 21, 2018

CHEROKEE COUNTY, KANSAS
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2017

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
Highway Planning and Construction Cluster				
Department of Transportation Pass-Through Programs From Kansas Department of Transportation Highway Planning and Construction	20.205	7-11-KA-1586-01		\$ 51,823
Total Department of Transportation Pass-Through Programs				\$ 51,823
Total Highway Planning and Construction Cluster				\$ 51,823
Highway Safety Cluster				
Department of Transportation Pass-Through Programs From Kansas Department of Transportation State and Community Highway Safety	20.600	PF-1152-17		\$ 3,019
State and Community Highway Safety	20.600	PF-1152-18		113
Total Department of Transportation Pass-Through Programs				\$ 3,132
Total Highway Safety Cluster				\$ 3,132
Other Programs				
Department of Agriculture Pass-Through Programs From Kansas Department of Health and Environment WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557			\$ 297,107
Total Department of Agriculture Pass-Through Programs				\$ 297,107
Total Department of Agriculture				\$ 297,107
Department of Housing and Urban Development Pass-Through Program From Kansas Department of Commerce Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	16-PF-014		\$ 164,984
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	16-IT-001		257,925
Total Department of Housing and Urban Development Pass-Through Programs				\$ 422,909
Total Department of Housing and Urban Development				\$ 422,909
Department of Justice Direct Programs Public Safety Partnership and Community Policing Grants	16.710			\$ 25,309
Total Department of Justice Direct Programs				\$ 25,309
Department of Justice Pass-Through Program From Kansas Criminal Justice Coordinating Council Edward Byrne Memorial Justice Assistance Grant Program	16.738	17-JAG-06		\$ 18,212
Total Department of Justice Pass-Through Programs				\$ 18,212
Total Department of Justice				\$ 43,521

The accompanying notes are an integral part of this schedule.

CHEROKEE COUNTY, KANSAS
Schedule of Expenditures of Federal Awards (Continued)
For the year ended December 31, 2017

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
Department of Health and Human Services				
Pass-Through Programs From				
Kansas Department of Health and Environment				
Public Health Emergency Preparedness	93.069			\$ 31,438
Immunization Cooperative Agreements	93.268			2,997
PPHF Capacity Building Assistance to				
Strengthen Public Health Immunization				
Infrastructure and Performance Financed				
in part by Preventive and Public Health Funds	93.539			19,570
Maternal and Child Health Services Block Grant to the States	93.994			<u>19,626</u>
<i>Total Department of Health and Human Services Pass-Through Programs</i>				<u>\$ 73,631</u>
<i>Total Department of Health and Human Services</i>				<u>\$ 73,631</u>
Department of Homeland Security				
Pass-Through Programs From				
Kansas Adjutant General				
Hazard Mitigation Grant	97.039			\$ 748,773
Emergency Management Performance Grants	97.042			<u>20,878</u>
<i>Total Department of Homeland Security Pass-Through Programs</i>				<u>\$ 769,651</u>
<i>Total Department of Homeland Security</i>				<u>\$ 769,651</u>
<i>Total Other Programs</i>				<u>\$ 1,606,819</u>
<i>Total Expenditures of Federal Awards</i>				<u><u>\$ 1,661,774</u></u>

The accompanying notes are an integral part of this schedule.

CHEROKEE COUNTY, KANSAS
Notes to Schedule of Expenditures of Federal Awards
December 31, 2017

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Cherokee County, Kansas under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Cherokee County, Kansas it is not intended to and does not present the financial position, changes in net assets, or cash flows of Cherokee County, Kansas.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on a regulatory basis of accounting which demonstrates compliance with the cash basis and budget laws of the State of Kansas. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

Cherokee County, Kansas has elected not to use the 10 percent de-minimis indirect cost rate under the Uniform Guidance.

CHEROKEE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Disclaimer of Opinion

Internal control over financial reporting:

- * Material weakness(es) identified? X yes no
- * Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

- * Material weakness(es) identified? yes X no
- * Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major federal programs: Disclaimer of Opinion

Any audit findings disclosed that are
required to be reported in accordance
with Section 2 CFR 200.516 (a)? yes X no

Identification of major federal programs:

<u>CFDA</u> <u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.039	Hazard Mitigation Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualifies as a low-risk auditee? yes X no

CHEROKEE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

Section II – Financial Statement Findings

2017-001

Segregation of Duties

Criteria: Duties should be segregated so that employees who maintain accounting records do not have access to cash receipts, disbursements and financial records.

Condition: Many of the County office's personnel receive cash, receipt cash and also maintain accounting records.

Effect: The effect of this condition could result in the improper recording of assets or the possible understatement or misappropriation of assets.

Cause: The County does not have a written accounting manual detailing and segregating employee's duties. Insufficient personnel in many offices make it not possible to adequately segregate duties.

Recommendation: Duties should be assigned among existing personnel so that functions are performed by different employees.

Management Response: Employees are limited and it is not feasible given the current economic environment to employ additional staff.

2017-002

Preparation of the Financial Statements and Related Notes

Criteria: The financial statements and the related notes are the responsibility of the management.

Condition: Personnel are able to perform basic accounting functions necessary to maintain the general ledger and prepare financial statements for internal use but do not maintain the knowledge to prepare financial statements and related notes in accordance with the *Kansas Municipal Audit and Accounting Guide*.

CHEROKEE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

Section II – Financial Statement Findings (Continued)

Effect: Financial statements may be misstated or may lack all required disclosures.

Recommendation: Management continue to maintain the general ledger and prepare financial statements for internal use.

Management Response: Management will review all proposed adjustments, draft financial statements, and assume responsibilities for the financial statements and related notes

2017-003

Reconciliations

Criteria: AU-C section 315 defines internal control as a process effected by those charged with governance, management, and other personnel that is designed to provide reasonable assurance about the achievement of the entity's objectives with regards to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. To obtain an acceptable internal control environment that reduces the risk of material misstatement of the financial statement or the required supplementary information, control activities and monitoring functions must be properly implemented and effectively designed. AU-C section 265.09-10.A11 states that the identification by an auditor of a material misstatement of the financial statement under audit in circumstances that indicate that the misstatement would not have been detected by the entity's internal control is an indicator of a material weakness in internal control.

Condition: Reconciliation of bank accounts are not being performed by the County Treasurer's office. Additionally, reconciliations are performed by an individual that records receipts and prepares the deposit.

Effect: The condition created a material misstatement of \$201,112 of unposted receipts. Posting of these receipts were not made until 2018. Not reconciling the bank creates the opportunity for additional material misstatements whether due to fraud or human error.

CHEROKEE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

Section II – Financial Statement Findings (Continued)

Cause:	The County has not designed nor implemented an adequate system of control regarding the reconciliations. The current process for reconciling the accounts does not allow management to prevent or detect misstatements in a timely manner. Additionally, the current process allows for management override of any mitigating controls over this process. The current manner of performing reconciliations does not provide control for ensuring completeness in the financial records.
Recommendation:	Controls should be in place to ensure accuracy and completeness of reconciliations. This should include changing the reconciliation process to properly segregate duties so that the reconciliation is performed by an individual that is not involved in the recording and custody functions of cash transaction; having an individual, other than the person performing the reconciliation, open and review the original bank statement; and all bank reconciliations should be reviewed by upper management with the review including a review of the actual bank statement and cancelled checks, and the review should be documented by a signature and a date.
Management Response:	Management concurs with the finding and will work to create a system within the Treasurer's office that allows for accurate and complete bank reconciliations with the appropriate segregation of duties.

CHEROKEE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

Section II – Financial Statement Findings (Continued)

<u>2017-004</u>	<u>Preparation of the Schedule of Expenditures of Federal Awards</u>
Criteria:	AU-C section 315 defines internal control as a process effected by those charged with governance, management, and other personnel that is designed to provide reasonable assurance about the achievement of the entity's objectives with regards to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. To obtain an acceptable internal control environment that reduces the risk of material misstatement of the financial statement or the required supplementary information, control activities and monitoring functions must be properly implemented and effectively designed. AU-C section 265 further explains that deficiencies in the design of a control function that can result in material misstatements should be considered, at minimum, to be a significant deficiency.
Condition:	Cherokee County, Kansas lacks a system of internal control for the assurance of completeness and accuracy for the Schedule of Expenditures of Federal Awards. The Schedule of Expenditures of Federal Awards (SEFA) prepared by the County was not prepared prior to the start of auditor's field work.
Effect:	The Schedule of Expenditures of Federal Awards serves as the primary basis for the auditor's major program determination. Misstatements in the schedule could result in the omission of potential major programs from required compliance audit procedures. Failure to audit a program as major, when required, is cause for the future reissuance of the compliance audit report. Also, the SEFA is a required supplementary schedule and the lack of controls over the SEFA could result in a material misstatement of the SEFA in the financial reporting package.
Cause:	The County has not designed nor implemented an adequate system of control regarding the preparation of the required Schedule of Expenditures of Federal Awards.

CHEROKEE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

Section II – Financial Statement Findings (Continued)

Recommendation: Controls should be in place to ensure accuracy and completeness of the Schedule of Expenditures of Federal Awards. Management should be aware of all Federal Awards received and expended, their source, and their compliance requirements. During the preparation of the schedule, the County should verify with granting agencies all CFDA titles and numbers, and the appropriate pass-through entity to be reported. After the schedule is completed, a reconciliation of the financial statements to the schedule should be performed, and management should review the schedule to verify all known Federal Programs are reported and that expenditures are properly captured on the regulatory basis of accounting. The reconciliation and management's review should be documented.

Management Response: Management concurs with the finding.

CHEROKEE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

Section III – Federal Awards Findings and Questioned Costs

No matters were reported.

CHEROKEE COUNTY, KANSAS
Summary Schedule of Prior Audit Findings
For the year ended December 31, 2017

There were no prior audit findings.

Raven Elmore Cherokee County Treasurer

Corrective Action Plan and Comments on Audit Resolution Matters Relating to the Federal Award Programs

Cherokee County, Kansas respectively submits the following corrective action plan for the year ended December 31, 2017.

Name and address of Independent Auditors: The Mense CPA Firm, LLC
2001 Byers Avenue
Joplin, MO 64804-1835

Audit period: January 1, 2017 through December 31, 2017

The findings from the December 31, 2017 Schedule of Findings and Questioned Cost relate to the Federal Award Programs and Financial Statements are discussed below. The findings are submitted consistently with the number assigned in the Schedule. Section I of the Schedule, Summary of Auditor's Results, does not include findings and is not addressed.

II. Financial Statement Findings

- | | |
|------------------|--|
| Finding 2017-001 | County officials are aware of the need to segregate duties. In many instances, the number of employees is limited and not possible. |
| Finding 2017-002 | Management will continue to prepare financial statements for internal use. Management will review the financial statements prepared by the auditor and designate an individual with suitable skills, knowledge and experience to accept responsibility for them. |
| Finding 2017-003 | With the election and the swearing in of the recently elected Treasurer on October 9, 2017, new procedures, controls, and responsibilities were assigned to employees in the Treasurer's office. The bank accounts are currently being reconciled. |
| Finding 2017-004 | The County currently relies on the auditor to assemble the information for the Schedule of Expenditures of Federal Awards (SEFA) and designate an individual to oversee the process and take responsibility for the statement. |

III. Federal Awards Findings and Questioned Costs
None

IV. Status of Corrective Actions or Prior Findings
None

If there are any further questions regarding these matters, please call Raven Elmore, Cherokee County Treasurer at (620) 429-3848.

Sincerely,

A handwritten signature in black ink, appearing to read "Raven Elmore". The signature is fluid and cursive, with the first name "Raven" and last name "Elmore" clearly distinguishable.

Raven Elmore
Cherokee County Treasurer